

**Gulf Insurance Company K.S.C.
and Subsidiaries**

**INTERIM CONSOLIDATED FINANCIAL
INFORMATION**

30 JUNE 2007 (UNAUDITED)

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2007 (Unaudited)

	Notes	3 months ended 30 June		6 months ended 30 June	
		2007 KD	2006 KD	2007 KD	2006 KD
Revenue:					
Premiums written		16,339,810	17,531,698	36,924,591	32,940,132
Reinsurance premiums ceded		(8,320,561)	(5,714,837)	(17,380,800)	(11,369,354)
Net premiums written		8,019,249	11,816,861	19,543,791	21,570,778
Movement in unearned premiums		422,217	(540,674)	(661,224)	(1,052,841)
Net premiums earned		8,441,466	11,276,187	18,882,567	20,517,937
Commission received on ceded reinsurance		1,722,393	1,168,426	3,202,772	2,243,639
Policy issuance fees		343,377	248,050	618,816	463,826
Net investment income from life insurance	3	700,504	158,123	1,593,669	499,290
		11,207,740	12,850,786	24,297,824	23,724,692
Expenses:					
Claims incurred		6,377,569	4,230,438	11,411,643	7,712,146
Commission and discounts		1,320,676	1,102,065	2,616,704	1,940,767
(Decrease) increase in life mathematical reserve		(569,000)	5,118,281	1,971,000	9,025,495
(Decrease) increase in additional reserve		(38,844)	17,106	(23,129)	37,344
Maturity and cancellations of life insurance policies		206,307	104,672	285,085	390,308
General and administrative expenses		3,291,732	1,465,572	5,509,068	2,929,281
		10,588,440	12,038,134	21,770,371	22,035,341
Net underwriting income		619,300	812,652	2,527,453	1,689,351
Net investment income	3	5,864,290	1,587,754	32,838,906	3,179,932
Net sundry income		(19,164)	(120,446)	15,425	5,400
		6,464,426	2,279,960	35,381,784	4,874,683
Unallocated general and administrative expenses		(457,115)	(311,992)	(1,784,412)	(498,002)
Impairment of goodwill		-	-	(448,949)	-
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS) AND NATIONAL LABOUR TAX (NLST)		6,007,311	1,967,968	33,148,423	4,376,681
Contribution to KFAS		(55,625)	(20,388)	(320,378)	(45,929)
Contribution to NLST		(135,906)	(22,891)	(792,164)	(86,106)
PROFIT FOR THE PERIOD		5,815,780	1,924,689	32,035,881	4,244,646
Attributable to:					
Equity holders of the parent company		5,370,909	1,995,478	30,925,210	4,460,853
Minority interest		444,871	(70,789)	1,110,671	(216,207)
		5,815,780	1,924,689	32,035,881	4,244,646
BASIC AND DILUTED EARNINGS PER SHARE	4	49.77 fils	18.90 fils	290.46 fils	42.22 fils

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED BALANCE SHEET

At 30 June 2007 (Unaudited)

		<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
		30 June	31 December	30 June
		2007	2006	2006
	<i>Notes</i>	KD	KD	KD
ASSETS				
Cash and investments:				
Bank balances and short term deposits	5	76,441,613	54,514,057	25,105,778
Investments carried at fair value through income statement	6	14,100,089	12,205,923	11,851,486
Property held for sale		1,033,871	1,314,451	1,118,356
Investments available for sale	7	49,192,149	62,168,455	44,143,339
Debt securities (loans)		4,897,834	5,516,155	5,469,973
Investments in associated companies		772,525	981,671	7,205,596
Investments held to maturity		4,139,564	1,531,836	-
Total cash and investments		150,577,645	138,232,548	94,894,528
Premiums and insurance balances receivable		22,863,849	18,668,400	16,053,732
Reinsurance recoverable on outstanding claims		24,937,593	15,805,880	17,821,663
Loans secured by life insurance policies		174,070	126,976	111,179
Other assets		9,637,449	6,229,618	5,406,340
Premises and equipment		5,478,151	5,666,059	4,124,263
Goodwill		2,250,715	2,699,664	597,664
TOTAL ASSETS		215,919,472	187,429,145	139,009,369
LIABILITIES AND EQUITY				
LIABILITIES				
Liabilities arising from insurance contracts:				
Outstanding claims reserve		43,440,298	33,946,971	27,997,703
Unearned premiums reserve		13,270,585	13,501,164	10,730,678
Life mathematical reserve		16,423,304	14,420,000	15,400,495
Additional reserve		2,916,455	2,957,525	2,899,222
Total liabilities arising from insurance contracts:		76,050,642	64,825,660	57,028,098
Bank overdraft	5	1,341,855	8,726,980	3,164,157
Premiums received in advance		6,245,824	5,767,755	6,563,302
Accounts payable		11,297,730	14,698,725	6,949,231
Insurance and reinsurance companies		12,975,530	12,601,665	8,587,117
Other liabilities		15,222,402	6,772,550	5,688,010
TOTAL LIABILITIES		123,133,983	113,393,335	87,979,915
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY				
Share capital		11,310,000	11,310,000	11,310,000
Share premium		3,600,000	3,600,000	3,600,000
Treasury shares	8	(3,386,500)	(3,151,943)	(3,151,943)
Treasury shares reserve		1,011,297	-	-
Statutory reserve		10,363,850	10,363,850	9,489,223
Voluntary reserve		11,319,880	11,319,880	10,445,253
Cumulative changes in fair values		9,525,668	18,511,012	11,475,726
Foreign currency translation adjustments		(39,638)	23,323	(35,141)
Retained earnings		33,704,885	8,589,328	6,411,787
Total equity		77,409,442	60,565,450	49,544,905
Minority interest		15,376,047	13,470,360	1,484,549
Total equity		92,785,489	74,035,810	51,029,454
TOTAL LIABILITIES AND EQUITY		215,919,472	187,429,145	139,009,369

Farqad A. Al-Sane, Chairman

Faisal Hamad Al-Ayyar, Vice Chairman

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2007 (Unaudited)

	<i>6 months ended 30 June</i>	
	<i>2007</i>	<i>2006</i>
<i>Note</i>	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Profit for the period	32,035,881	4,244,646
Adjustments for:		
Depreciation	758,617	205,011
Net investment income	(34,641,636)	(3,679,222)
Share of loss from associates	209,061	-
Impairment of goodwill	448,949	-
Contribution to KFAS	320,378	45,929
Contribution to NLST	792,164	86,106
	<u>(76,586)</u>	<u>902,470</u>
Changes in operating assets and liabilities:		
Investments carried at fair value through income statement	(1,894,166)	130,266
Premiums and insurance balances receivable	(4,195,449)	(2,549,045)
Reinsurance recoverable on outstanding claims	9,131,713	(3,411,287)
Property held for sale	280,580	52,095
Other assets	(3,407,831)	(1,205,837)
Liabilities arising from insurance contracts	11,224,982	14,678,801
Premiums received in advance	478,069	189,675
Accounts payable	(2,984,283)	1,334,018
Insurance and reinsurance companies	373,865	(287,012)
Other liabilities	4,059,213	(439,620)
	<u>12,990,107</u>	<u>9,394,524</u>
Cash used in operations	(80,000)	-
Paid to directors	(85,802)	(72,815)
Paid in respect of KFAS	(42,554)	(141,812)
Paid in respect of NLST	<u>12,781,751</u>	<u>9,179,897</u>
Net cash from operating activities		
INVESTING ACTIVITIES		
Additions to property and equipment	(570,709)	(538,434)
Net movement in investments available for sale	21,661,793	(451,782)
Purchase of investment in associates	-	(3,362,247)
Proceeds from sale of investment in associates	-	1,165,920
Additions to investments held to maturity	(2,607,728)	-
Net movement in debt securities (loans)	618,321	1,427,191
Acquisition of subsidiaries	-	(115,000)
Loans secured by life insurance policies	(47,094)	(23,910)
Interest received	291,218	691,672
Dividends received	971,160	1,694,224
	<u>20,316,961</u>	<u>487,634</u>
Net cash from investing activities		
FINANCING ACTIVITIES		
Dividends paid	(5,294,826)	(5,123,626)
Net movement in treasury shares	776,740	(34,686)
Net movement in minority interest	795,016	-
	<u>(3,723,070)</u>	<u>(5,158,312)</u>
Net cash used in financing activities		
INCREASE IN CASH AND CASH EQUIVALENTS	29,375,642	4,509,219
Net foreign exchange difference	(62,961)	-
Cash and cash equivalents at beginning of the period	45,787,077	17,432,402
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	75,099,758	21,941,621
	5	

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2007 (Unaudited)

	Attributable to equity holders of the parent company										Minority interest KD	Total equity KD
	Share capital KD	Share premium KD	Treasury shares KD	Treasury share reserve KD	Statutory reserve KD	Voluntary reserve KD	Cumulative changes in fair values KD	Foreign currency translation adjustments KD	Retained earnings KD	Sub total KD		
Balance at 31 December 2006	11,310,000	3,600,000	(3,151,943)	-	10,363,850	11,319,880	18,511,012	23,323	8,589,328	60,565,450	13,470,360	74,035,810
Changes in fair value of investments available for sale	-	-	-	-	-	-	5,405,512	(62,961)	-	5,342,551	-	5,342,551
Sale of investments available for sale	-	-	-	-	-	-	(14,390,856)	-	-	(14,390,856)	-	(14,390,856)
Net expense recognised directly in equity	-	-	-	-	-	-	(8,985,344)	(62,961)	-	(9,048,305)	-	(9,048,305)
Profit for the period	-	-	-	-	-	-	-	-	30,925,210	30,925,210	1,110,671	32,035,881
Gain on sale of treasury shares	-	-	-	1,011,297	-	-	-	-	-	1,011,297	-	1,011,297
Total recognised income and expenses for the period	-	-	-	1,011,297	-	-	(8,985,344)	(62,961)	30,925,210	22,888,202	1,110,671	23,998,873
Dividends for 2006 at 55 fils per share (Note 10)	-	-	-	-	-	-	-	-	(5,809,653)	(5,809,653)	-	(5,809,653)
Purchase of treasury shares	-	-	(234,557)	-	-	-	-	-	-	(234,557)	-	(234,557)
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	795,016	795,016
Balance at 30 June 2007	11,310,000	3,600,000	(3,386,500)	1,011,297	10,363,850	11,319,880	9,525,668	(39,638)	33,704,885	77,409,442	15,376,047	92,785,489
Balance at 31 December 2005	11,310,000	3,600,000	(3,117,257)	1,011,297	9,489,223	10,445,253	21,634,473	(35,141)	7,235,684	60,562,235	1,889,241	62,451,476
Change in fair value of available for sale Investments	-	-	-	-	-	-	(8,415,282)	-	-	(8,415,282)	-	(8,415,282)
Sale of available for sale investments	-	-	-	-	-	-	(1,743,465)	-	-	(1,743,465)	-	(1,743,465)
Net expense recognised directly in equity	-	-	-	-	-	-	(10,158,747)	-	-	(10,158,747)	-	(10,158,747)
Profit for the period	-	-	-	-	-	-	-	-	4,460,853	4,460,853	(216,207)	4,244,646
Total recognised income and expenses for the period	-	-	-	-	-	-	(10,158,747)	-	4,460,853	(5,697,894)	(216,207)	(5,914,101)
Dividends for 2005 at 50 fils per share (Note 10)	-	-	-	-	-	-	-	-	(5,284,750)	(5,284,750)	-	(5,284,750)
Purchase of treasury shares	-	-	(34,686)	-	-	-	-	-	-	(34,686)	-	(34,686)
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	(188,485)	(188,485)
Balance at 30 June 2006	11,310,000	3,600,000	(3,151,943)	-	9,489,223	10,445,253	11,475,726	(35,141)	6,411,787	49,544,905	1,484,549	51,029,454

The attached notes 1 to 13 form part of the interim consolidated financial information.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2007 (Unaudited)

1 ACTIVITIES

The interim consolidated financial information of Gulf Insurance Company K.S.C. (the “parent company”) and subsidiaries (the “group”) were authorised for issue by the Board of Directors on --- July 2007.

The parent company is a Kuwaiti Shareholding Company incorporated in the State of Kuwait in accordance with the Amiri Decree No. 25 of 9 April 1962, and is listed on the Kuwait Stock Exchange. The address of the parent company’s registered office is P.O. Box 1040 Safat, 13011 State of Kuwait. The parent company is 55.14% owned by Kuwait Projects Company Holding K.S.C. (the “ultimate parent company”). The parent company’s objectives include all types of insurance, indemnities, compensations and investing its capital and assets in various financial and real estate investments, both locally and abroad.

2 BASIS OF PRESENTATION

The interim consolidated financial information of the group is prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting. The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2006.

The interim consolidated financial information does not contain all information and disclosures required for full financial information prepared in accordance with the International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the six month period ended 30 June 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007. For more details please refer to the consolidated financial statements and its related disclosure for the year ended 31 December 2006. Due to the effect of cyclical variations (as disclosed in note 3), the six month results reported in the interim consolidated financial information may not represent a proportionate share of the overall annual results.

3 NET INVESTMENT INCOME

	<i>Six month ended 30 June</i>			<i>2006</i>
	<i>2007</i>			
	<i>General risk insurance KD</i>	<i>Life and health insurance KD</i>	<i>Total KD</i>	<i>Total KD</i>
Net realised gain on sale of investments available for sale	28,917,973	13,557	28,931,530	408,894
Realised gain on sale of investments carried at fair value through income statement	313,310	739,282	1,052,592	1,724,633
Dividend income	1,380,950	87,995	1,468,945	1,694,224
Interest on debt securities (loans)	109,432	134,984	244,416	254,229
Changes in fair value of investments carried at fair value through income statement	1,769,995	63,387	1,833,382	(703,244)
Realised profit from investment portfolios	105,818	-	105,818	11,709
Share of loss from associates	(209,061)	-	(209,061)	117,229
Interest on time and call deposits	978,717	550,231	1,528,948	393,074
Other investment income	-	4,233	4,233	64,872
Finance charges and interest	(130,334)	-	(130,334)	(202,829)
Other investment expenses	(397,894)	-	(397,894)	(83,569)
	<u>32,838,906</u>	<u>1,593,669</u>	<u>34,432,575</u>	<u>3,679,222</u>

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2007 (Unaudited)

3 NET INVESTMENT INCOME (CONTINUED)

During the three month period ended 31 March 2007, the ultimate parent company led and administered a group of sellers' (the sellers) holding (including the parent company's holding), in aggregate, a majority share interest in National Mobile Telecommunication Company K.S.C. (Wataniya). The sellers sold their 51% interest in Wataniya to Qtel International Investments L.L.C, a subsidiary of Qatar Telecom Q.S.C. The parent company's investment was partly included under investments at fair value through income statement and partly under investments available for sale. This sale resulted in a realized gain to the parent company of KD 26,243,713 (after deducting transaction costs), but before considering any recovery from a joint escrow account. This amount is included in the net realised gain on sale of "investments carried at fair value through income statement" and "investments available for sale".

4 BASIC AND DILUTED EARNING PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing profit for the period attributable to equity holders of the parent company by the weighted average number of shares outstanding during the period.

There are no dilutive potential ordinary shares. The information necessary to calculate basic and diluted earnings per share based on the weighted average number of shares outstanding, less treasury shares, during the period is as follows:

	<i>Three month ended 30 June</i>		<i>Six month ended 30 June</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Profit for the period	5,370,909	1,995,478	30,925,210	4,460,853
	Shares	Shares	Shares	Shares
Number of shares outstanding at the beginning of the period	113,100,000	113,100,000	113,100,000	113,100,000
Weighted average number of treasury shares	(5,188,222)	(7,470,000)	(6,631,464)	(7,446,786)
Weighted average number of shares, less treasury shares, outstanding during the period	107,911,778	105,630,000	106,468,536	105,653,214
Basic and diluted earnings per share	49.77 fils	18.90 fils	290.46 fils	42.22 fils

5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows include the following consolidated balance sheet amounts:

	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Unaudited)</i>
	<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2007</i>	<i>2006</i>	<i>2006</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Bank balances and cash	7,771,709	8,011,277	1,511,580
Time and call deposits	54,924,809	40,502,780	23,594,198
Money market fund	13,745,095	6,000,000	-
Bank balances and short term deposits	76,441,613	54,514,057	25,105,778
Bank overdraft	(1,341,855)	(8,726,980)	(3,164,157)
	75,099,758	45,787,077	21,941,621

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2007 (Unaudited)

6 INVESTMENTS CARRIED AT FAIR VALUE THROUGH INCOME STATEMENT

	<i>(Unaudited)</i> 30 June 2007 KD	<i>(Audited)</i> 31 December 2006 KD	<i>(Unaudited)</i> 30 June 2006 KD
Quoted securities	13,655,646	11,530,612	10,681,126
Managed funds	444,443	675,311	1,170,360
	14,100,089	12,205,923	11,851,486

7 INVESTMENTS AVAILABLE FOR SALE

	<i>(Unaudited)</i> 30 June 2007 KD	<i>(Audited)</i> 31 December 2006 KD	<i>(Unaudited)</i> 30 June 2006 KD
Quoted securities	31,440,610	46,308,411	29,711,316
Unquoted securities	12,770,697	14,270,994	12,463,019
Unquoted funds	4,980,842	1,589,050	1,969,004
	49,192,149	62,168,455	44,143,339

Included in investments available for sale are unquoted securities with a carrying value of KD 9,949,498 (31 December 2006: KD 9,543,525 and 30 June 2006 KD:12,596,019) which are carried at cost due to the unpredictable nature of future cash flows and the lack of suitable other methods for arriving at a reliable measure of fair value. Management is not aware of any circumstances that would indicate impairment in the value of these investments at 30 June 2007.

8 TREASURY SHARES

	<i>(Unaudited)</i> 30 June 2007	<i>(Audited)</i> 31 December 2006	<i>(Unaudited)</i> 30 June 2006
Number of shares (share)	6,090,000	7,470,000	7,470,000
Percentage of issued shares (%)	5.38	6.60	6.60
Market value (KD)	4,750,200	4,108,500	3,735,000
Cost (KD)	3,386,500	3,151,943	3,151,943

During the three month period ended 30 June 2007, the parent company sold 5 million treasury shares realizing a gain of KD 1,011,297.

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2007 (Unaudited)

9 SEGMENT INFORMATION

The group operates in two segments, general risk insurance and life insurance; there are no inter-segment transactions. The following are the details of these two primary segments:

Six months ended 30 June 2007:

	<i>General risk insurance</i>			<i>Total general risk insurance KD</i>	<i>Life insurance KD</i>	<i>Total KD</i>
	<i>Marine & aviation KD</i>	<i>Property KD</i>	<i>Casualty KD</i>			
Segment revenue	1,458,165	1,280,850	11,371,061	14,110,076	10,187,748	24,297,824
Segment results (net underwriting income)	433,160	306,767	1,112,622	1,852,549	674,904	2,527,453

Six months ended 30 June 2006:

	<i>General risk insurance</i>			<i>Total general risk insurance KD</i>	<i>Life insurance KD</i>	<i>Total KD</i>
	<i>Marine & aviation KD</i>	<i>Property KD</i>	<i>Casualty KD</i>			
Segment revenue	872,489	736,595	6,475,607	8,084,691	15,640,001	23,724,692
Segment results (net underwriting income)	197,779	69,337	323,823	590,939	1,098,412	1,689,351

10 DIVIDEND DISTRIBUTION

On 12 March 2007, the general assembly approved the distribution of cash dividend amounting to KD 5,809,653 proposed by the Board of Directors for the year ended 31 December 2006 (2005: 50% cash dividend amounting to KD 5,283,437).

Gulf Insurance Company K.S.C. And Subsidiaries

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2007 (Unaudited)

11 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the group's management.

	<u>30 June 2007</u>		<u>30 June 2006</u>	
	<i>Premiums</i> <i>KD</i>	<i>Claims</i> <i>KD</i>	<i>Premiums</i> <i>KD</i>	<i>Claims</i> <i>KD</i>
Ultimate parent company	23,542	564	21,744	920
Directors and key management personnel	545,351	72,255	416,584	33,664
Other related parties	1,238,819	383,911	1,039,705	400,403
	<u>1,807,622</u>	<u>456,730</u>	<u>1,478,033</u>	<u>434,987</u>

Balances with related parties included in the consolidated balance sheet are as follows:

	<u>30 June 2007</u>		<u>30 June 2006</u>	
	<i>Amounts owed</i> <i>by related</i> <i>parties</i> <i>KD</i>	<i>Amounts owed</i> <i>to related</i> <i>parties</i> <i>KD</i>	<i>Amounts owed</i> <i>by related</i> <i>parties</i> <i>KD</i>	<i>Amounts owed</i> <i>to related</i> <i>parties</i> <i>KD</i>
Ultimate parent company	-	(104,442)	-	(39,996)
Directors and key management personnel	534,109	(8,223)	372,791	-
Other related parties	549,106	(54,800)	840,729	(234,814)
	<u>1,083,215</u>	<u>(167,466)</u>	<u>1,213,520</u>	<u>(274,810)</u>

The group has also engaged with related parties in its investment activities as follows:

- Most of the group's investment transactions are made through portfolios managed by a related company. The results of these transactions which arose as a result of sale of investments amounted to KD 25,930,386 (31 December 2006: KD 3,131,746 and 30 June 2006: KD 989,652) and the portfolios include shares in Kuwait Projects Company Holding and other related companies.
- The group holds certain deposits and call accounts with Burgan Bank. The group also holds bonds issued by the ultimate parent company and other related companies amounting to KD 2,627,000 (31 December 2006: KD 2,630,000 and 30 June 2006: KD 2,378,000).
- Loans granted to an associated company and a related party amounted to KD 1,698,689 (31 December 2006: KD 1,402,689 and 30 June 2006: KD 1,402,689). These loans are repayable on demand. The interest rate is calculated based on prevailing discount rate of the Central Bank of Kuwait.

Key management personnel compensation

	<u>30 June</u> <u>2007</u> <u>KD</u>	<u>30 June</u> <u>2006</u> <u>KD</u>
Salaries and other short term benefits	335,554	321,082
Employees' end of service benefits	1,312,648	488,347
	<u>1,648,202</u>	<u>809,429</u>

12 COMMITMENTS

At 30 June 2007, the group had future commitments in respect of investments amounting to KD 264,825 (31 December 2006: KD 349,000 and 30 June 2006: KD 555,700).

13 CONTINGENCIES

Contingent assets

The escrow amount which arose as a result of the sale of the interest in Wataniya (note 3) will be released in whole or part to either party (as mentioned in note 3), as appropriate, based on the following:

- (a) Receipt by Wataniya of proceeds arising in connection with the realization of Wataniya's interest in Asia Cell Telecommunication Company Limited in respect of the latter's activity in Iraq;
- (b) Determination of the outcome of existing litigation in respect of Wataniya's interest in Orascom Telecom Tunisie S.A.; and
- (c) Determination of the outcome of existing litigation to which Wataniya is a party.

The group's entitlement to any receipts derived from this escrow will be recognized as profit on receipt.

Contingent liabilities

The sale agreement in relation to the Wataniya shareholding contained normal warranties relating to the Wataniya sale; any claims against the sellers in respect of these warranties must be submitted by 31 March 2008. The group's share of such claims is limited to KD 2,005,445. The group does not have any reason to believe that these warranties will give rise to claims in future.

At 30 June 2007, the group was contingently liable in respect of letters of guarantees and other guarantees amounting to KD 3,293,442 (31 December 2006: KD 3,434,838 and 30 June 2006: KD 3,449,235).